

BEFORE THE
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound Competitive Multi-Service Agreements with
Foreign Postal Operators
United States Postal Service Contractual Bilateral
Agreement – FY20-1 (MC2010-34)
Negotiated Service Agreement

Docket No. CP2020-144

PUBLIC REPRESENTATIVE COMMENTS

(June 9, 2020)

The Public Representative hereby provides comments pursuant to Order No. 5522.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service notice regarding an Inbound Competitive Multi-Service Agreement with a Foreign Postal Operator (FPO).²

Included as Attachment 1 to the Notice is an application for non-public treatment of materials filed under seal. Notice at 1. The Postal Service also filed a redacted copy of the FPO-USPS Agreement FY20-1 that contains the new prices, Governors' Decision No. 19-1, a copy of the certification pursuant to 39 CFR 3035.105(c)(2), Attachments 2-4. The Postal Service also filed an unredacted copy of Governors' Decision 19-1, an unredacted copy of the new prices, and related financial information under seal. See *id.*

The FPO-USPS Agreement FY20-1 provides rates for inbound parcels, packets, and Express Mail Shipping. *Id.* at 5. The Postal Service seeks to include the FPO-USPS Agreement FY20-1 within the Inbound Competitive Multi-Service Agreement with Foreign Postal Operators 1 (MC2010-34) product. *Id.* The Postal Service contends that FPO-USPS Agreement FY20-1 "is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the

¹ Order No. 5522, Notice and Order Concerning Postal Service Filing Inbound Competitive Multi-Service Agreement With Foreign Postal Operator – FY20-1, May 26, 2020.

² Notice of United States Postal Service of Filing Functionally Equivalent Inbound Competitive Multi-Service Agreement with Foreign Postal Operators – FY20-1, May 21, 2020 (Notice).

terms of this agreement are similar in scope and purpose to the terms of the CP2010-95 Agreement.” *Id.* at 3.

The Postal Service intends for FPO-USPS Agreement FY20-1 to take effect on July 1, 2020. *Id.* at 1.

The Postal Service states that FPO-USPS Agreement FY20-1 is in compliance with 39 U.S.C. 3633 and is functionally equivalent to the inbound competitive portions of the CP2010-95 agreement, which was included in the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 product (MC2010-34). *Id.* at 9.

COMMENTS

The Public Representative finds that the FPO-USPS Agreement FY20-1 is functionally equivalent to the baseline agreement filed in Docket No. MC2010-34 because the terms of the FPO-USPS Agreement FY20-1 are similar enough to the terms of the CP2010-95 Agreement. The FPO-USPS Agreement FY20-1 should therefore, be included within the Inbound Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

Pursuant to 39 U.S.C. § 3633(a), the Postal Service’s competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service.

Based upon a review of the financial workpapers, the Public Representative finds that prices in the FPO-USPS Agreement FY20-1 should generate sufficient revenues to cover cost and therefore meet the requirements of 39 U.S.C. § 3633(a).

The Public Representative notes that the Postal Service should refrain from speculating about volume changes in its financial model. Without empirical evidence, the Commission should not allow the use of volume adjustment factors. If the Postal Service wants to use volume forecasts in its model, it should submit its forecast model for review by the Commission. However, even with the volume adjustment factors removed from the financial model, FPO-USPS Agreement FY20-1 meets the requirements of 39 U.S.C. § 3633(a).

CONCLUSION

The Postal Service has established the functional equivalence of the FPO-USPS Agreement FY20-1 to the baseline agreement, and that the proposed rates for FPO-USPS Agreement FY20-1 meet the requirements of 39 U.S.C. § 3633(a). Thus, the Public Representative recommends that the Commission approve adding FPO-USPS Agreement FY20-1 to the Competitive Multi-Service Agreements with Foreign Postal Operators 1 (MC2010-34) product.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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